

## Message Text

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AGRE-00 IO-13 EUR-12 /129 W  
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FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 5139

C O N F I D E N T I A L SECTION 1 OF 5 BRIDGETOWN 1016

PASS ASSISTANT SECRETARY TERENCE A. TODMAN, ARA

E.O. 11652: GDS

TAGS: EAID, ECON, XL

SUBJ: ECONOMIC DEVELOPMENT STRATEGY FOR ENGLISH-SPEAKING EASTERN  
CARIBBEAN

REF: A) 77 BRIDGETOWN 2175 B) 77 BRIDGETOWN 2096

1. SUMMARY: THIS CABLE TRANSMITS GENERAL STRATEGY CONSIDERATIONS  
FOR USE BY TASK FORCE. OVER PERIOD OF SEVERAL WEEKS WE PLAN  
TO SEND SERIES OF CABLES ON SPECIFIC ISLANDS. COUNTRY TEAM  
SPENDS MANY HOURS DEBATING A REALISTIC DEVELOPMENT STRATEGY  
FOR THAT PART OF EASTERN CARIBBEAN WITHIN OUR JURISDICTION.  
CONSISTENTLY WE RUN UP AGAINST ISLANDS' LIMITED ABSORPTIVE  
CAPACITY, GENERAL LACK OF MANAGERIAL SKILLS, ADVERSE IF  
NOT PERVERSE ATTITUDINAL FACTORS AND CONTRIDICTORY U.S.  
DOMESTIC CONSIDERATIONS. WE NONETHELESS ARE CONVINCED  
THAT SOUND ECONOMIC DEVELOPMENT OF THE EASTERN CARIBBEAN IS  
A CLEAR NATIONAL INTEREST OF THE UNITED STATES. A FURTHER  
WORSENING OF AN ALREADY ACUTE UNEMPLOYMENT PROBLEM ON MANY  
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ISLANDS WILL CERTAINLY FOSTER SOCIAL INSTABILITY WITH  
PROBABLE POLITICAL CONSEQUENCES HAVING SECURITY IMPLICATIONS  
FOR THE U.S. DESPITE THE FACT THAT MANY PROBLEMS  
ARE LARGELY SELF-CAUSED A SERIOUS U.S.  
REMEDIAL EFFORT IN AREA IS FULLY JUSTIFIED. THE  
IMPENDING INDEPENDENCE OF SOME OF THE ISLANDS MAKES  
SUCH AN EFFORT ALL THE MORE NECESSARY. END SUMMARY.

2. OF THE NINE POLITICAL ENTITIES WITHIN OUR JURISDICTION BARBADOS AND GRENADA ARE NOW INDEPENDENT. THE FIVE WEST INDIES ASSOCIATED STATES RELY ON THE UK FOR SECURITY AND FOREIGN AFFAIRS AND THE BRITISH VIRGIN ISLANDS AND MONTSERRAT ARE BRITISH CROWN COLONIES. ALL BUT BARBADOS RELY HEAVILY ON EXTERNAL ASSISTANCE. CANADA AND THE UK ARE TRADITIONAL SOURCES OF DEVELOPMENTAL ASSISTANCE.

3. COUNTRY TEAM BELIEVES DEVELOPMENT STRATEGY ALONG LINES RECOMMENDED BELOW IS CONSISTENT WITH AMERICAN STATEMENTS TO OTHER DONORS THAT ECONOMIC ASSISTANCE MUST BE STEPPED UP, YET IN LINE WITH THE MICROSCOPIC NATURE OF ECONOMIC MASS AND THE IRRITATING POLITICAL REALITIES OF THE REGION. WE RECOMMEND PRIMARY EMPHASIS ON REGIONAL ASSISTANCE WITH A PARALLEL PROGRAM OF SMALLER, PIVOTAL BILATERAL PROJECTS. WE PROPOSE:

--CONTINUED RELIANCE ON REGIONAL APPROACH TO ECONOMIC DEVELOPMENT.  
-- BILATERAL SUPPORTING ASSISTANCE ON CONCESSIONAL BASIS TO BARBADOS AS POLITICAL  
RECOGNITION OF COUNTRY'S EXEMPLARY PERFORMANCE IN SELF-HELP, HUMAN RIGHTS, AND INTERNATIONAL RESPONSIBILITY.  
--EXPANDED PROGRAM OF BILATERAL SPECIAL DEVELOPMENT  
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ACTIVITIES THROUGHOUT LESS DEVELOPED ISLANDS, ADMINISTERED BY AID WITH A MANAGEMENT ROLE PLAYED BY PEACE CORPS.

--CREATION OF REGIONAL INSTITUTE FOR MANAGEMENT DEVELOPMENT.  
--FACILITATION OF A SIGNIFICANT INVOLVEMENT BY THE PRIVATE SECTOR IN DEVELOPMENT PROGRAM TO CREATE EMPLOYMENT.  
--ESTABLISHMENT OF RELIABLE INTER-ISLAND TRANSPORTATION, AS WELL AS INTER-ISLAND TELETYPE HOOKUP FOR MARKETING.  
--STIMULATION OF LOW-COST RESIDENTIAL CONSTRUCTION ON ALL ISLANDS AS URGENT MEASURE FOR EMPLOYMENT GENERATION AND ECONOMIC PUMP PRIMING.

4. THESE SHOULD BE AMONG OUR PRIORITY GOALS. IN MAKING THESE PROPOSALS, COUNTRY TEAM ENDORSES LOANS AND GRANTS ALREADY IN AID PIPELINE, AS WELL AS PROJECTS IN PEACE CORPS REGIONAL PLAN. WHAT FOLLOWS IS INTENDED TO BLEND WHAT ALREADY IS STARTED WITH NEW PROPOSALS. IN SPIRIT OF ZERO BASED BUDGETING, WE DO NOT MAKE MANY DISTINCTIONS BETWEEN OLD AND NEW. MOREOVER, MOST "NEW" PROPOSALS WHICH FOLLOW ARE NOT TRULY ORIGINAL, HAVING

BEEN CONSIDERED IN ONE FORM OR ANOTHER BY OTHERS.  
OBJECTIVE IN THIS CALBE IS TO PROPOSE PRIORITY UNDER-  
TAKINGS WHETHER PROGRAMMED TO DATE OR NOT.

5. THERE FOLLOWS OUR COMMENTS ON PRIORITIZED LIST  
IN PARA 3:

PRIORITY "A"

--A REGIONAL APPROACH. OVERALL ARGUMENTS FOR REGIONAL  
ASSISTANCE, AS OPPOSED TO EMPHASIS ON BILATERAL  
ASSISTANCE, ARE TOO POWERFUL TO IGNORE. REGIONAL  
ASSISTANCE AVOIDS DUPLICATIVE EFFORTS AND COSTS, REDUCES  
NEED FOR LARGE DEVELOPMENT BUREAUCRACY ON EACH ISLAND,  
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AND WORKS TOWARD AGRICULTURAL AND INDUSTRIAL  
COMPLEMENTARITY. SIGNIFICANT BILATERAL PROGRAMS  
WOULD PRECIPITATE MOVES TOWARDS NATIONAL INDEPENDENCE  
FOR ENTITIES WHICH COULD NOT MAINTAIN INDEPENDENCE  
UNAIDED. BILATERAL PROGRAM WOULD ALSO INVOLVE THE  
U.S. IN THE MANIFORLD AND LILLIPUTIAN POLITICAL INTRIGUES  
WHICH PLAGUE THIS ARCHIPELAGO. TO INDUCE THESE STATES  
TO STOP PRESSING FOR BILATERAL AID AND MORE READILY  
ACCEPT IDEA OF REGIONAL ASSISTANCE, U.S.INFLUENCE  
WITH CARIBBEAN DEVELOPMENT BANK(CDB) SHOULD BE  
DIRECTED TOWARD RAISING LEVEL OF CDB'S "CUSTOMER  
SERVICE." WE SYMPATHIZE WITH CDB'S  
DIFFICULTIES IN DEALING WITH ISLAND PROBLEMS, BUT  
UNIFORM CRITICISM OF CDB BY SOBER PEOPLE THROUGHOUT  
AREA INDICATES TO US THERE IS ROOM FOR IMPROVEMENT.  
PLACING A QUALIFIED TECHNICIAN ON EACH ISLAND WHOSE  
TASK WOULD BE TO ASSIST IN PREPARATION OF PROJECT  
APPLICATIONS COULD BE A SOLUTION IF THE ISLANDS WOULD  
UTILIZE SUCH A TECHNICIAN. TECHNICIAN WOULD LOBBY FOR  
GREATER SPEED BY CDB, IN PART BY REDUCTION IN  
CONDITIONS PRECEDENT.

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LAB-04 SIL-01 L-03 H-01 PM-05 DODE-00 PA-01 PC-01  
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R 131616Z APR 78  
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C O N F I D E N T I A L SECTION 2 OF 5 BRIDGETOWN 1016

PASS ASSISTANT SECRETARY TERENCE A. TODMAN, ARA

6. REGIONAL APPROACH IMPLIES CLOSE COOPERATION AMONG  
DONORS AND SHOULD INDUCE GREATER LEVEL OF TRANSFERS  
FROM BRITAIN, CANADA, AND EEC. WE SHOULD ENCOURAGE AND  
BE SUPPORTIVE OF THE BRITISH AND THE CANADIANS IN  
CONTINUING THEIR TRADITIONAL PRIMARY RESPONSIBILITY  
FOR THE ECONOMIC, SOCIAL, POLITICAL AND SECURITY  
WELL-BEING OF THIS AREA. WE BELIEVE BRITISH AND  
CANADIANS WILL BUY IDEA OF BOTH REGIONAL AND BILATERAL  
ASSISTANCE SO LONG AS THEY GET CREDIT FOR IT. WE  
SHOULD SEEK OPPORTUNITIES PUBLICLY TO  
GIVE THEM THEIR DUE.

7. PRIORITY "B"

--BILATERAL SUPPORTING ASSISTANCE ON A NON-RECURRING  
AND CONCESSIONAL BASIS TO BARBADOS. IF WE SEEK A  
MODEL OF WHAT WE WANT IN THE CARIBBEAN, WE  
COULD HARDLY DO BETTER THAN BARBADOS, WITH ITS OUTSTANDING  
DEMOCRATIC INSTITUTIONS, HIGH LEVEL OF SOCIAL SERVICES,  
CIVILITY, IMPECCABLE HUMAN RIGHTS RECORD, AND  
GENERAL ADMINISTRATIVE SOBRIETY. WE SHOULD ON AN  
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URGENT BASIS SHOW SUPPORT FOR THESE QUALITIES IN OUR  
ECONOMIC ASSISTANCE STRATEGY. PUT ANOTHER WAY, IT  
WEAKENS OUR CAUSE IN EASTERN CARIBBEAN TO RAIN  
PLATITUDES ON THE JUST AND MONEY ON THE "UNJUST"  
(JAMAICA AND GUYANA). IN ARRANGING ASSISTANCE FOR  
BARBADOS CONSIDERATION SHOULD FIRST BE GIVEN IN  
THOSE AREAS WHICH COUNTRY ITSELF HAS SELECTED:  
BALANCE-OF-PAYMENTS SUPPORT OR HOUSING. THE MAIN  
PURPOSE OF OUR ASSISTANCE WOULD BE ITS POLITICAL  
IMPACT. FOR ONGOING ASSISTANCE WE WOULD RECOMMEND  
LIBERALIZING ACCESS TO CDB FUNDS BY RELIEVING THE  
STRICTURES ON BORROWING BY MORE-DEVELOPED:COUNTRIES

(MDC'S).

8. PRIORITY "C"

--EXPANDED PROGRAM OF BILATERAL SPECIAL DEVELOPMENT ACTIVITIES (SDA). MOST OF THESE ISLANDS SUFFER FROM TREMENDOUS UNEMPLOYMENT. PER CAPITA NEEDS FOR CAPITAL INVESTMENT TO GENERATE JOBS IN MOST OF THE ISLANDS IN THE AREA ARE UNIFORMLY MINUSCULE BY WORLDWIDE STANDARDS. THERE IS ALSO GOOD POTENTIAL FOR POLITICAL IMPACT THROUGH SKILLFUL USE OF SDA PROGRAM. WITH ITS EXPERIENCE OF 12 YEARS IN EASTERN CARIBBEAN, PEACE CORPS SEEMS IDEAL ORGANIZATION TO JOCKEY SMALL-SIZED PROJECTS TO COMPLETION. IF SUI GENERIS NATURE OF THESE ISLANDS GIVES US CHARTER TO BE ORIGINAL, AND COUNTRY TEAM BELIEVES IT DOES, WE RECOMMEND UNIQUE PROGRAM ENGAGING PEACE CORPS EVEN MORE DIRECTLY IN SPECIAL DEVELOPMENT ACTIVITIES. INITIALLY AID/WASHINGTON MIGHT LIFT CEILING GUIDELINE FOR INDIVIDUAL PROJECTS FROM U.S. \$5,000 TO U.S. \$15,000, WITH EVENTUAL  
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POSSIBILITY OF GOING TO \$25,000 DEPENDING ON PROGRESS OF PROGRAM. WE ALSO RECOMMEND OVERALL SDA FUNDING FOR AREA BE INCREASED FROM U.S.\$75,000 IN FY1978 TO \$200,000 IN FY1979. WE ARE CLEAR THAT PEACE CORPS' HELP IN PROJECT IDENTIFICATION AND ACTUAL PROJECT PREPARATION SHOULD NOT DEPRECIATE LOCAL ABILITY, NOR SHOULD EVERY SDA PROJECT BE CONTINGENT ON PEACE CORPS INVOLVEMENT. USAID SHOULD RETAIN PRIMACY OF CONTROL OVER FUNDS AND CONTINUE TO REJECT ALL PROJECTS NOT MEETING USAID CRITERIA. NEW ELEMENTS IN THIS PROPOSAL WOULD BE SIZE OF GRANTS DISPENSED AND EVEN GREATER DEGREE OF ACTIVE PEACE CORPS INVOLVEMENT, WHICH IS ALREADY CONSIDERABLE. IN EFFECT, WE WOULD BE PARTIALLY FUNDING PROJECTS IN WHICH PEACE CORPS IS INVOLVED.  
GAPS IN PCV KNOWLEDGE OF AID PROGRAMMING COULD BE RECTIFIED BY USAID CONDUCTED WORKSHOP.

9. PRIORITY "D"

--STRENGTHENING MANAGEMENT SKILLS. MANAGEMENT CAPABILITIES ARE FUNDAMENTAL TO DEVELOPMENT OF AREA. BY BRADITION, CIVIL SERVANTS, AND TO SOME EXTENT PRIVATE-SECTOR MANAGERS, CAST THEMSELVES IN ROLE OF OBJECTORS, CASTIGATORS, NAY-SAYERS, AND CONTROLLERS, RATHER THAN STIMULATORS, COORDINATORS, AND INTEGRATORS. CONCEPTS SUCH AS SPEED, DELEGATION, AND

SERVICE OFTEN SEEM ALIEN. AS IN OTHER BUREAU-  
CRACIES, EMPHASIS IS ON CAREER PROTECTION, STATUS,  
AND PERQUISITES. THE DISTINCTION IN CARIBBEAN IS  
THAT THESE ISLANDS CAN NO LONGER AFFORD INEFFECTIVE  
MANAGEMENT WHEREAS IN USA IT CAN CONTINUE TO BE FORM OF  
RELIEF.

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COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 L-03 H-01 PM-05 DODE-00 PA-01 PC-01  
AGRE-00 IO-13 EUR-12 /129 W  
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C O N F I D E N T I A L SECTION 3 OF 5 BRIDGETOWN 1016

PASS ASSISTANT SECRETARY TERENCE A. TODMAN, ARA

WE RECOMMEND ESTABLISHMENT OF A REGIONAL INSTITUTE  
FOR MANAGEMENT DEVELOPMENT. IN RECRUITING STUDENTS  
ISLAND GOVERNMENTS MIGHT INDUCE EXPERIENCED ISLANDERS  
NOW IN MIDDLE MANAGEMENT ABROAD TO RETURN TO CARIBBEAN  
TO WORK. RESULTING PAY WOULD BE LESS, BUT SOME  
ISLANDERS STILL PREFER LIFE STYLE AT HOME AND, IF  
INDUCED TO RETURN, WOULD ENJOY A PRESTIGE FROM  
OVERSEAS ASSOCIATION PARTLY COMPENSATING FOR PAY  
REDUCTION. FUNDING MIGHT BE EXTENDED THROUGH  
SECRETARIAT OF CARIBBEAN COMMUNITY (CARICOM), STEP  
WHICH WOULD HAVE SUBSIDIARY EFFECT OF SUPPORTING  
ECONOMIC INTEGRATION MOVEMENT. UNDP HAS CARRIED  
OUT STUDY ON SIMILAR CONCEPT, WHICH RDO/C UNDERSTANDS  
ELICITED FAVORABLE REACTION FROM CARICOM IN  
GEORGETOWN. ALLIED TO MANAGEMENT INSTITUTE MIGHT  
BE REGIONAL PRINTING CENTER TO PUBLISH WESTINDIANIZED  
TEXTS, MANUALS, APPROPRIATE TECHNOLOGY HANDBOOKS, AND  
AUTOCHTHONOUS EDUCATIONAL MATERIALS FOR SCHOOLS  
AND MEDIA, MEANT TO FOSTER REGIONAL DEVELOPMENT. WE  
ASSUME THAT MATERIALS WOULD BE SELECTED SO AS NOT TO  
COMPETE WITH SMALL COMMERCIAL PRINTERS.

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10. PRIORITY "E"

--THE ROLE OF THE PRIVATE SECTOR. ACTIVATION OF PRIVATE SECTOR TO GENERATE EMPLOYMENT COULD BE KEY TO FUTURE OF THE EASTERN CARIBBEAN. SOME MEMBERS OF COUNTRY TEAM WOULD GIVE IT FIRST PRIORITY. MIGRATION FROM COUNTRYSIDE TO POPULATION CENTERS, OR OUT OF ISLANDS ALTOGETHER, IS NOW A PRESSING PROBLEM. EMIGRATION MIGHT BE STEMMED BY VIGOROUS INVOLVEMENT OF PRIVATE SECTOR, ESPECIALLY IN DEVELOPING AGRIBUSINESSES IN RURAL CENTERS. REDUCING FOOD IMPORTS WOULD SAVE FOREIGN EXCHANGE. THERE EXISTS AN EXPANDING INTER-ISLAND MARKET FOR AGRICULTURAL PRODUCTS THANKS TO TOURISM. THIS WOULD, REQUIRE VASTLY IMPROVED TRANSPORTATION SYSTEM (ADDRESSED BELOW) AMONG ISLANDS.

11. REGARDING AGRICULTURAL EXPORTS OUTSIDE AREA, SPECIALTY MARKETS IN NORTH AND SOUTH AMERICA, OR EUROPE, WOULD SEEM TO OFFER OUTLETS FOR WEST INDIAN SPECIALTIES LIKE GRAPEFRUIT AND SPICES. WE RECOGNIZE THAT MISTAKES IN APPRAISING MARKETS WOULD BE DISASTROUS IN TERMS OF DECAPITALIZATION. THEREFORE, WE SHOULD PROVIDE EXPERT HELP TO DETERMINE WHICH WEST INDIAN PRODUCTS CAN BE MARKETED. RATHER THAN BRING PERSONS UNDER CONTRACT TO U.S. GOVERNMENT, WE RECOMMEND THAT U.S. AGRIBUSINESS COUNCIL IN NEW YORK, COMPRISING SOME EIGHTY MEMBER FIRMS HAVING INVESTMENTS ABROAD, BE INVITED TO SEND TEAM TO WEST INDIES TO ASCERTAIN POTENTIAL. SPECIFIC QUESTION IS WHETHER WEST INDIAN POTENTIAL IS ENOUGH TO JUSTIFY USUAL FIVE-STEP COUNCIL PROGRAM DESIGNED TO HELP ITS

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MEMBERS ENTER INTO JOINT VENTURES WITH WEST INDIAN PARTNERS.

12. ON SUBJECT OF PRIVATE-SECTOR INVOLVEMENT, A SIMPLE "WELCOME" SIGN IS ATTRACTIVE TO PRIVATE FOREIGN INVESTOR. COUNTRIES FRENETICALLY HAWKING INVESTMENT OPPORTUNITIES MAY INVITE SUSPICION BUT LETHARGY OR INABILITY TO ARTICULATE ONE'S OWN ATTRACTIONS OCCASIONS NO REACTION AT ALL. PROMPT

ANSWERS TO POINTS OF CONCERN RAISED BY POTENTIAL INVESTORS, NOT AN AIR OF "TAKE IT OR LEAVE IT," ARE BADLY NEEDED. TO PROMOTE SUCH A DESIRABLE HABIT, WE RECOMMEND CONSIDERATION OF ESTABLISHING REGIONAL BUSINESS DEVELOPMENT CENTER. SPECIFICALLY, REASON D'ETRE OF SUCH A CENTER WOULD BE TO PUBLICIZE CARIBBEAN INVESTMENT OPPORTUNITIES AND INCREASE ATTRACTIVENESS OF AREA TO PRIVATE INDUSTRY. CENTER COULD TAKE FORM OF EXTENSION OF EXISTING CARIBBEAN INVESTMENT CORPORATION (CIC). THIS WOULD PROBABLY REQUIRE CHANGE IN LATTER'S CHARTER BECAUSE CHARTER LIMITS CIC TO HELPING LDC'S AND TO TAKING EQUITY POSITIONS IN ENTERPRISES. CENTER WOULD ALSO RESEARCH LEGAL AND PROCEDURAL CONDITIONS FOR INVESTMENT, GENERALLY CONCENTRATE ON POSSIBILITIES FOR JOINT VENTURES (TO PERMIT CAPITALIZATION), ADVERTISE ACCESS TO EUROPEAN MARKETS THROUGH LOME CONVENTION, AND TO USA THROUGH GSP. SINCE INDUSTRIES IN AREA HAVE FEW LOCAL RESOURCES OR RAW MATERIALS, WE THINK AGRICULTURAL BUSINESSES WOULD ALLOW GREATEST PERCENTAGE OF VALUE ADDED. SOME INVESTORS MIGHT WISH TO GO INTO LIGHT MANUFACTURING USING IMPORTED MATERIALS ASSEMBLED IN BONDED, DUTY-FREE ZONES, AND MARKET IN USA UNDER TARIFF ITEM NO. 807. (WE UNDERSTAND, HOWEVER, THAT 807 INDUSTRIES ARE FACING CONSIDERABLE OPPOSITION FROM U.S. LABOR.)

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LAB-04 SIL-01 L-03 H-01 PM-05 DODE-00 PA-01 PC-01  
AGRE-00 IO-13 EUR-12 /129 W  
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PASS ASSISTANT SECRETARY TERENCE A. TODMAN, ARA

13, PRIORITY "F"



-- ESTABLISHMENT OF RELIABLE INTER-ISLAND AIR TRANSPORTATION AND INTER-ISLAND TELETYPE HOOKUP FOR MARKETING. THERE IS NOT RATIONALITY IN INTER-ISLAND MARKETING AT PRESENT. SCHOONER LADEN WITH VEGETABLES SAILS FROM ST. VINCENT TO BARBADOS WITH NO KNOWLEDGE OF CURRENT MARKET IN BARBADOS, HOPING THAT SCHOONER WITH SIMILAR VEGETABLES IS NOT SIMULTANEOUSLY ON WAY FROM ST. LUCIA TO SATURATE BARBADIAN MARKET. MEANWHILE, BARBADOS MAY HAVE BEEN ALREADY OVERSUPPLIED FROM GRENADA, WHILE SELLER'S MARKET GOES BEGGING IN DOMINICA. INTER-ISLAND TELETYPE HOOKUP (NOW NON-EXISTENT), AS WELL AS SERVICEABLE MARKET CODE, COULD REGULARIZE BUYING AND SELLING OF PRODUCE TO RESULT IN LESS SPOILAGE AND PRICE FLUCTUATION. AIR RATHER THAN SEA TRANSPORTATION FOR MOST WEST INDIAN PRODUCTS IS ESSENTIAL, KNOWLEDGEABLE OBSERVERS SAY. SEVENTY-FIVE PER CENT OF TRADE AMONG ISLANDS TAKES PLACE IN PERISHABLE OR SEMI-PERISHABLE ITEMS. EFFECT OF GOOD TRANSPORT  
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SYSTEM WOULD BE FURTHER FELT IN PRICE RELIEF FOR CONSUMERS, BETTER NUTRITION, AND EMPLOYMENT GENERATION.

14. PRIORITY "G"

-- RESIDENTIAL CONSTRUCTION AS EMPLOYMENT GENERATOR AND PUMP PRIMER. AREA HOUSING EXPERTS SAY THAT FUTURE EXPANSION IN HOUSING ON ISLANDS CALLS FOR CONDOMINIUMS OR COMMUNALLY DEVELOPED SITES WHERE UNITS ARE JUXTAPOSED HORIZONTALLY LIKE TOWN-HOUSES RATHER THAN VERTICALLY IN "HIGH RISES." COST AND SPACE ECONOMIES CAN BE REALIZED THROUGH SHARING OF LANDSCAPING AND COMMON SUPPORT SYSTEMS LIKE WATER OR POWER. (SOLAR AND WIND ENERGY UNITS ARE A PROMISING POSSIBILITY). SUBSIDIZED SITES AND SERVICES SCHEMES WOULD NORMALLY BE MORE SPARING OF PUBLIC FUNDS ANT EVEN CORE DWELLINGS, BUT OFTEN OWNER CANNOT FIND CASH TO FINISH HIS HOME, AND SO WE DO NOT GENERALLY RECOMMEND THEM. HOUSING INVESTMENT GUARANTEES ALONE SEEM TO HAVE LITTLE ECONOMIC ATTRACTION ON ISLANDS OTHER THAN SIMPLY MAKING OFF-SHORE LENDERS CONFIDENT TO LEND. UNLESS LOANS ARE SUBSIDIZED, GUARANTY WILL DO LITTLE TO STIMULATE HOUSING CONSTRUCTION, ESPECIALLY ON BARBADOS, WHERE COMPARABLE MORTGAGE MONEY IS OTHERWISE AVAILABLE. "SMALLER" ISLANDS, BECAUSE OF THEIR GREATER SCARCITY OF CAPITAL, MAY ACCEPT U.S. SAVINGS AND LOAN MONEY BACKED BY GUARANTY, BUT MARKETABILITY OF SUCH PAPER

IS ONLY RELUCTANTLY CONCEDED BY GOVERNMENT OFFICIALS  
BECAUSE DEBT CONTRACTED THUS ON PURELY COMMERCIAL TERMS IS TOO  
GREAT. TO REALIZE THE OPPORTUNITY FOR EMPLOYMENT AND EMERGENCY  
PUMP PRIMING FEATURES WHICH HOUSING REPRESENTS, AND TO  
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ACCOMMODATE LEGITIMATE POLITICAL NEED OF ISLAND  
GOVERNMENTS TO HELP LOWER INCOME GROUPS, WE  
RECOMMEND SUBSIDIZATION OF HOUSING. BECAUSE  
ACCENT ON HOUSING CONSTRUCTION COULD BE CONSTRUED  
AS CONSUMPTION RATHER THAN INVESTMENT, NOTWITH-  
STANDING BENEFICIAL EFFECT ON EMPLOYMENT, BARBADOS AS MDC  
SHOULD PERHAPS PREFEREABLY GET ASSISTANCE IN DEVELOPING WIND,  
SOLAR AND WAVE ENERGY, TO BE USED FOR HOUSES AND INDUSTRY.  
BARBADOS ITSELF WOULD, HOWEVER, LIKE ASSISTANCE IN HOUSING CON-  
STRUCTION AS WELL (FINANCING).

15. BEFORE CONCLUDING THESE GENERAL RECOMMENDATIONS ON  
PRIORITIES FOR ECONOMIC DEVELOPMENT, COUNTRY TEAM WISHES  
UNDERSCORE IMPORTANCE OF SUPPORTING GROUP EFFORTS AT  
COMMUNITY LEVEL. THIS IMPORTANCE DERIVES FROM TINY  
NATURE OF POLITIES WHOSE POPULATIONS HOVER IN MOST  
CASES AROUND 100,000. WE BELIEVE THAT DEMONSTRABLY  
GREATER PROGRESS OF BARBADOS OVER LAST  
350 YEARS (COMPARED WITH OTHER ISLANDS) DUE MOSTLY TO  
DEPTH OF POPULAR INVOLVEMENT. FORMAL LOCAL GOVERNMENT  
LATER DECLINED IN BARBADOS BUT TRADITION OF SELF-GOVERNMENT, AS  
OPPOSED TO MERELY REPRESENTATIVE GOVERNMENT, CONTINUED.  
WE DO NOT, OF COURSE, RECOMMEND THAT ALL FORMAL  
TRAPPINGS OF LOCAL GOVERNMENT BE BROUGHT BACK, BUT  
PEACE CORPS HAS PROVED THAT SOME EFFECTS CAN BE  
RESUSCITATED. INTER-AMERICAN FOUNDATION (AT LEAST  
IN SOME OF ITS PROJECTS) AND OTHER PRIVATE VOLUNTARY  
ORGANIZATIONS HAVE ALSO SUCCESSFULLY HARNESSSED LOCAL  
ENERGIES AND OUTPRODUCED AS WELL AS OUTCOSTED  
"FEDERAL" PRODUCTIONS. BY SHOWING RATHER THAN TELLING,  
THESE AGENCIES GRAPHICALLY DEMONSTRATE RESULTS OF  
COMMUNITY'S PULLING TOGETHER. WE BELIEVE KEY TO  
DEVELOPMENT IN THIS AREA LIES IN COMMUNITY APPROACH  
AND PRIVATE-SECTOR INVOLVEMENT.

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C O N F I D E N T I A L SECTION 5 OF 5 BRIDGETOWN 1016

PASS ASSISTANT SECRETARY TERENCE A. TODMAN, ARA

16. THESE, BASICALLY, ARE THE COUNTRY TEAM'S PRELIMINARY  
RECOMMENDATIONS FOR ECONOMIC DEVELOPMENT STRATEGY IN  
ENGLISH-SPEAKING EASTERN CARIBBEAN. WE SHALL FOLLOW  
THIS TELEGRAM WITH SERIES OF ISLAND-SPECIFIC TELEGRAMS  
REFINING STRATEGY FOR EACH ISLAND.

17. COUNTRY TEAM CONCLUDES BY STRESSING NEED TO SELECT  
AND ADOPT SOME LONG-TERM STRATEGY NOW. ARRESTING  
ECONOMIC AND POLITICAL DECLINE IN CARIBBEAN IS URGENT.  
EFFORTS CANNOT BE STARTED AND STOPPED IN SYNCHRONIZATION  
WITH POSSIBLE WAXING AND WANING OF AREA'S IMPORTANCE IN  
EYES OF SUCCEEDING U.S. ADMINISTRATIONS. BY KEEPING  
OVERALL GOALS MODEST AND ATTUNED TO INTERESTS  
OF ALLIES IN AREA (UK, CANADA, EUROPEAN COMMISSION),  
WE CAN MINIMIZE EFFECTS OF FUTURE PRESSURES FOR  
RETRENCHMENT SHOULD THEY ONE DAY ARISE.  
ORTIZ

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, ECONOMIC ASSISTANCE, FOREIGN ASSISTANCE PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BRIDGE01016  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780160-0451  
**Format:** TEL  
**From:** BRIDGETOWN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780459/aaaabyhf.tel  
**Line Count:** 581  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** e264a1b0-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 11  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 BRIDGETOWN 2175, 77 BRIDGETOWN 2096  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 13 jun 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2975375  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECONOMIC DEVELOPMENT STRATEGY FOR ENGLISH-SPEAKING EASTERN CARIBBEAN  
**TAGS:** EAID, ECON, XL, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/e264a1b0-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014